

# FEDERAL TAX CUTS AND JOBS ACT (TCJA)

## ESTIMATED FISCAL IMPACT ON NORTH DAKOTA STATE INCOME TAXES

Major TCJA Features	2017-19 Biennium (Primarily FY 2019)	2019-21 Biennium
<b>For Individuals</b>		
Double standard deduction; Repeal personal exemption; Change itemized deductions	\$ 4,800,000	\$ 10,400,000
Lower threshold for medical deductions (TYs 2017 & 2018 Only)	small negative	
<b>For Businesses</b>		
New 20% Business Deduction (pass-throughs, proprietorships, farmers)	(8,100,000)	(17,577,000)
Expanded Section 179 expensing and bonus depreciation	(6,600,000)	(10,700,000)
<b>For International Businesses</b>		
Repatriation of foreign income (one-time, TY 2017 only)	10,000,000	(1,000,000)
Territorial system	(5,000,000)	(10,000,000)
Global Intangible Low-Taxed Income (GILTI) & related deductions		small positive
<b>Total Estimated Impact - for Individuals and Businesses</b>	<b>\$ (4,900,000)</b>	<b>\$ (28,877,000)</b>

### Major TCJA features that will NOT affect state income taxes:

- Individual and corporate tax rate reductions
- New and expanded dependent credits
- Repeal of domestic production activities deduction
- Changes to net operating loss carryovers
- New BEAT (Base Erosion Anti-Abuse Tax)